

**CITY COUNCIL OF THE CITY OF SAN DIEGO
SUPPLEMENTAL DOCKET NUMBER 2
FOR THE REGULAR MEETING OF
TUESDAY, SEPTEMBER 21, 2004 AT 10:00 A.M.
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS – 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101**

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS

RESOLUTIONS:

ITEM-S500: In the Matter of the Final Report of the Pension Reform Committee.

(See the City of San Diego Pension Reform Committee Final Report dated 9/15/2004.)

CITY MANAGER’S RECOMMENDATION:

Adopt the following resolution:

(R-2005-303)

Accepting the final report of the City of San Diego Pension Reform Committee;

Declaring that a sincere expression of gratitude be extended to the nine members of this committee on behalf of the Council of the City of San Diego, the citizens and taxpayers of the City of San Diego, and all current and former employees of the City of San Diego;

Dissolving the City of San Diego Pension Reform Committee.

CITY MANAGER SUPPORTING INFORMATION:

On September 9, 2003, the Mayor and City Council established the Pension Reform Committee (Committee) to address concerns about the current unfunded liability of San Diego City Employees Retirement System (SDCERS) and review the scope and depth of audits to be performed on SDCERS. On September 24, the nine Committee members were officially appointed by the Mayor and City Council. The objectives of the Committee were as follows:

1. Report back to the City Council no later than 120 days from the date appointments are confirmed.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS (Continued)

RESOLUTIONS: (Continued)

ITEM-S500: (Continued)

CITY MANAGER SUPPORTING INFORMATION: (Continued)

2. After reviewing and considering the scope and depth of audit activity currently being conducted by SDCERS, conduct any additional or supplemental independent audits, studies, or investigations deemed necessary and appropriate.
3. Provide recommendations to address any unfunded liability problems of the system.
4. Examine how the existing pension system has performed compared to other similar systems, including examination of actions other systems have taken to address funding shortfall problems, such as issuance of pension obligation bonds.
5. Examine whether changes should be made to the existing pension system. Examine whether the make-up and representative constitution of the Retirement Board should be restructured.
6. Examine whether the system should be changed from a defined benefit plan to a defined contribution plan for new employees.
7. Examine whether the City should join the California Public Employees Retirement System or any other retirement system.
8. Make any other recommendations as appropriate.

The Committee held its first meeting on October 1, 2003 and established a weekly meeting schedule. A special web page was set-up on the City of San Diego's web site to provide the public with the minutes, agendas and background information on the Committee.

Since inception, the Committee has provided the Mayor and City Council with two interim reports on the status of their work. The first report, delivered on January 26, 2004, focused on the Committee's efforts to educate themselves about pension issues and their efforts to review the scope of SDCERS' audits. The second report, delivered on April 19, 2004, focused on the current funded status of the retirement system and the underlying causes of the unfunded.

Today's actions are to: a) accept the final report of the Pension Reform Committee; b) recognize the members of the Pension Reform Committee for their hard work on behalf of the City of San Diego; and c) officially dissolve the Pension Reform Committee.

Frazier